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# USSR Report

CONSUMER GOODS AND DOMESTIC TRADE

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# USSR REPORT

## CONSUMER GOODS AND DOMESTIC TRADE

### CONTENTS

#### CONSUMER GOODS PRODUCTION AND DISTRIBUTIONS

Review of Plans, Interview With Minister of Machinebuilding (E.I. Razumeyev; TEKSTIL'NAYA PROMYSHLENNOST, No 12, Dec 83).....	1
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#### HOUSING AND PERSONAL SERVICES

Regional Analysis of Socio-Economic Effects of Tourism (P. M. Shul'gin; IZVESTIYA AKADEMII NAUK SSSR: SERIYA EKONOMICHESKAYA, No 2, Mar-Apr 84).....	16
Funding of Cultural Programs, Housing Construction Examined (S. Lazareva; PLANOVYE KHOZYAYSTVO, No 2, Feb 84).....	29

#### CONSUMPTION TRENDS AND POLICIES

Talk With BSSR Light Industry Minister on Economic Experiment (Lev Nikolayevich Nagibovich Interview; IZVESTIYA, 9 Dec 83).....	38
Experiment To Increase Enterprise Rights, Responsibilities (SOVETSKAYA BELORUSSIYA, 12 Oct 84).....	43

## CONSUMER GOODS PRODUCTION AND DISTRIBUTION

### REVIEW OF PLANS, INTERVIEW WITH MINISTER OF MACHINEBUILDING

Moscow TEKSTIL'NAYA PROMYSHLENNOST' in Russian No 12, Dec 83 pp 1-4, 5-8

[Article by E. I. Razumeyev, chief of the Department of Light Industry (USSR Gosplan, Moscow): "Results and Prospects"]

[Text] Thanks to the constant concern of the party and the government for the development of the textile industry in our country, the production of fabrics, knitted wear and hosiery is increasing from year to year. The consumption of these products per capita of the population is also increasing.

At the present time, more than 11 billion square meters of fabrics, more than 1.7 billion units of knitted wear, and about 1.8 billion pairs of hosiery are being manufactured.

With respect to the output of the majority of products, the textile industry occupies a leading place in the world: [Production of] wool and linen fabrics--first place, knitted wear and hosiery--second place, and silk fabrics --third place.

From the beginning of the 11th Five-Year-Plan, a certain growth has been attained in the production of light industry goods, above all mass consumption goods and necessities, there has been an increase in their quality and an expansion in assortment.

The output of non-woven materials increased by a factor of almost 2.5, oil cloth for tables and cotton underwear for children--by a factor of 1.5; corset items, threads, coats, rain coats and jackets made of mixed fabrics--by 20 percent. There was a significant increase in the production of linen and silk fabrics, and in hosiery and knitted wear. Today many articles may be obtained without much difficulty, which not long ago were generally considered to be in extremely short supply.

The plan for the first 6 months of the current year with respect to production sold by the enterprises of the USSR Ministry of Light Industry was fulfilled to the extent of 100.8 percent. The plan for the production of flax fiber, cotton and linen fabrics, and hosiery items have also been fulfilled.

In 1983 work has continued on the increase of the output of daily necessities and mass consumption goods. There has also been an increase in the production of bed linen made of cotton and cotton underwear for children of nursery age, knitted underwear for children, warm sports jackets, and oil cloths for tables. Above-plan production of cotton fabrics came to 215 million rubles, linen fabrics--to 19 million rubles, silk fabrics--to 14 million rubles, and non-woven materials of fabric type--to 8 million rubles. There was above-plan production of hosiery items, etc.

However, the demand of the population for many types of articles is still not fully satisfied. The output of many types of products of the industry still lags behind the volumes envisaged by the five-year-plan.

By comparison with the corresponding period of last year, there was an increase in the proportion of cotton, silk and linen fabrics and hosiery items returned for correction and lowered in quality.

There are different reasons for the unsteady work of the industry. There are objective reasons. These have to do with the difficulty in the supply of agricultural raw material, chemical fibers, threads, materials and others. But the main reasons for lagging behind the targets of the five-year-plan are connected with the insufficiently efficient use of productive capacities, the lack of skilled workers in many enterprises, and the low level of management of enterprises on the part of a number of republic ministries and industrial associations.

During the past 17 years the fixed capital in light industry has increased by a factor of more than 3.5. Through the expansion of enterprises and new construction approximately 8 million spinning spindles and spinning cells were put into operation, as well as more than 123,000 looms and the production capacities for about 800 million units of knitted underwear and 860 million pairs of hosiery articles. There has been almost complete renovation of the spinning, weaving and knitting equipment part in existing enterprises. Now the spinning mills and weaving mills have been equipped with new machine tools and machines to the extent of 82 and 77 percent respectively. However, the productive and scientific-technical potential that has been created is not being fully utilized.

The utilization of production capacities in the current year for various industries fluctuates between 84 and 96 percent. In many industries it is even coming down, for example, the production of cotton and woollen yarn, woollen fabrics, non-woven materials of fabric type, and knitted street clothes.

The low level of utilization of production capacities is noted above all in the newly commissioned and reconstructed enterprises. It turns out that, the more we build new enterprises and reconstruct existing ones, the lower the level of utilization of production capacities in the industry. Only 1 out of 6 enterprises makes the planned capacities operational within the terms set forth by the normative documents. Production losses of light industry in retail prices because of the underutilization of capacities in 1982 alone came to 1,155 million rubles.



There is a decrease in the level of assimilation of the volumes of construction and assembly work allotted for the development of the industry. In 1981 2 percent less construction and assembly work was carried out on production-designated projects than in 1980, in 1982--5 percent less than in 1981, and during the 7 months of the current year--6 percent less than during the corresponding period of the past year. The construction of light industry projects is carried out extremely unsatisfactorily in the Azerbaijan, Turkmen, Kazakh, Ukrainian and Tajik Republics, in the Altay, Krasnodar and Stavropol Krays, and in the Kemerovo, Kalinin, Kostroma, Ivanovo, and Penza Oblasts. There has been a deterioration in the assimilation of capital investments allotted in the UzSSR. As a result of this, more than 280 million rubles in allocations for construction and assembly work have been underassimilated since the beginning of the year, and capacities for the production of yarn and fabrics, non-woven materials, and hosiery articles have not been made operational.

In the conditions that have developed the question of the maximal economy of raw material and materials has become very important.

The economy of raw material and materials in the textile industry makes possible not only an increase in the production of articles on this account, but also a significant reduction of their production cost and an increase of labor productivity.

Much in this direction has already been done.

In the cotton sector of the industry, for example, the output of reworkable waste was reduced from 4.5 to 4.25 percent in 1982 compared to 1980, and the output of irretrievable waste--from 2.9 to 2.75 percent. This was encouraged by the introduction of spindle-less spinning (BD Machines), the equipment of existing enterprises with filters and ventilation chambers instead of dusty basements, pneumatic devices for the removal of waste from under cutting machines, and the creation of more stable temperature and humidity conditions in the shops.

In the linen sector of the industry, the output of yarn made from a mixture increased during the same period from 75 to 78 percent, and there was a decrease in the percentage of unspun waste from 3 to 2.3.

The equipment of the PM-88-L5 Machines with a mechanism for the automatic switching-off of the supply of roving when the retting is interrupted, the introduction of LRSh-70 drawing-frame-stapeling machines, and the increase of the proportion of chemical fibers exert significant influence on the increase in the output of yarn and the reduction in waste in flax spinning.

In the silk sector of the industry, the output of yarn increased from 88.4 to 89 percent, the unspun and irretrievable waste was reduced.

However, in the textile industry as a whole, there are still significant reserves for increasing the efficiency in the utilization of raw material resources. More than 1.3 million tons of waste materials annually are generated

in the enterprises. But not all of them find use in the industry in conformity with the specified plans. In the enterprises of Georgia and Tajikistan the plan for the processing of waste materials of cotton production.

While in the Ukraine, Uzbekistan and Lithuania the plan for the processing of production waste materials is generally fulfilled, they are underutilized in the mixtures for the manufacture of yarn. Spinning production waste materials of the first group are processed in non-woven materials in the UkSSR and in the LiSSR, and in the UzSSR are sold on the side.

In the wool industry in 1982, the actual volume of waste material processing amounted to 88 percent of what was envisaged by the plan. Unsatisfactory use is being made of the ends of ribbon and roving, retting, ringlets, and the large comber waste of the wool and semi-wool industry (RSFSR Ministry of the Textile Industry, the BSSR and LaSSR Ministries of Light Industry). Semi-woollen twisted ends, small comber waste, carding granules, defective output, peelings and sweepings are especially poorly processed.

At the same time, the progressive enterprises of the industry have positive experience in the utilization of production waste materials. Thus, at the Fryanovo Worsted-Spinning Mill and the Monino Worsted Combine (of the RSFSR Ministry of the Textile Industry), for example, twisted ends are processed successfully into fiber up to 48 millimeters in length. It must be noted that the output of twisted ends in worsted production alone makes it possible to draw an additional 4,500 tons of raw material into the raw material balance of the wool industry.

In the Fryanovo Worsted-Spinning Mill, up to 7 percent of reworkable waste (instead of 5 percent according to the norm) are also used in the production of yarn without a deterioration of its physical and mechanical qualities.

At the Monino, Ivanovo, and Sverdlovsk Worsted Combines a new assortment of woollen fabrics is being produced, utilizing the so-called end batches--a fiber mixture of production waste. This experience must be disseminated to all enterprises of the wool industry.

In the silk sector of the industry the level of utilization of natural silk waste materials is still very low: In production itself only 32 percent of the total volume of these resources are processed. They also do not find application in the enterprises of other ministries and departments.

Compared with 1981, the remnants of natural silk production waste materials at the beginning of 1982 increased more than twofold. Questions of the creation of the technology for the processing of natural silk production waste materials and an assortment of articles based on their utilization acquire paramount importance.

In the knitted wear sector about 80,000 tons of waste materials are generated annually, of these no more than 30 percent are processed in its own production.

At the June (1983) Plenum of the CPSU Central Committee, Yu. V. Andropov emphasized that it is, above all, necessary to bring order into what we have, to secure the more rational utilization of the productive and scientific-technical potential of the country. The efforts of the workers of the textile industry must be directed, above all, to the solution of these tasks.

In 1984 plans call for an increase of the total volume of production of 3.7 percent compared to the 1983 level, of labor productivity--by 3.5 percent. Ninety-five percent of the growth of production must be secured through the growth of labor productivity.

A higher than average-industry level of development of light industry is projected in the republics which have labor resources at their disposal: The Azerbaijan, Armenian, Moldavian, Uzbek and Georgian Republics.

The production of non-woven materials of fabric type will be developed at the greatest growth rates--at the level of the target of the five-year-plan; linen fabrics, knitted street wear and underwear, and hosiery articles--at a level higher than the control figures projected by the five-year-plan. It is envisaged that the indicated production growth will be realized mainly through the better utilization of the productive capacities in existing enterprises (a share of production growth of no less than 70 to 80 percent) and the opening of newly introduced capacities.

In the interest of a more rational and economical utilization of raw material resources, a reduction of the material-intensiveness by 1-2 percent is envisaged.

We will have to bring secondary raw material more fully into production: Restored wool, leather split, and others. As the result of the increase of cotton fiber output from raw cotton in the UzSSR and other cotton-growing republics, an increase of cotton fiber resources of almost 100,000 tons is envisaged.

We will have to introduce progressive resource-saving technology for the processing of waste materials of cotton production and low grades of cotton with the use of aerodynamic and rotor spinning machines.

Plans call for the execution of a number of measures aimed at the further expansion and renewal of the assortment of articles and the improvement of the quality of the production of light industry. The output of articles of the highest quality will have to be increased to 15.5 percent instead of 13.8 percent in 1983.

Given an average growth in the production of cotton fabrics for the Soviet Union of 3.3 percent, their production in Uzbekistan will be increased by 27.7 percent, in Moldavia--by 14.7 percent, and in Kazakhstan--by 7.2 percent.

The greatest growth is projected in the output of fabrics which are in great popular demand: Cotton, underwear, clothing, teasel and shaggy fabrics.



The introduction of pneumatic-mechanical spinning machines will be continued. The proportion of yarn produced from these machines will amount to 43.6 percent; the share of pneumatic spinning machines will reach 21 percent.

In the interest of a significant improvement of the quality of production, projections call for the further introduction of carding technology utilizing machines with spindle removal, pressure shafts and systems for the pneumatic removal of waste. Thirty-four percent of the total production volume of carding ribbon will be produced on these machines.

It is envisaged that the replacement of shuttle looms by micro-shuttle looms of Type STB, pneumatic-foil ATPR-100 and pneumatic looms will continue. The proportion of shuttle-less looms in the total spinning equipment park of the industry will come to 46.7 percent.

The plan includes measures for the modernization of existing technological equipment. Plans call for the equipment of the STB looms with quickly-removable combing rolls, stroke search mechanisms, electronic woof detectors, back rest position detectors; the ATPR looms--with edge-forming piling-type mechanism. The productivity of the equipment will grow in spinning by 1.9 percent, in weaving--by 1.6 percent.

The introduction of new types of finishes, which improve the quality of fabrics, will continue: Calendering, silk-silver, and milling. The output of fabrics with these finishes will come to 235 million a year.

The broader introduction of the combined process of mercerization and boil-off of cotton fabrics will make it possible to reduce their shrinkage after washing, to increase the durability of dyeing, and significantly improve the external appearance of the fabrics.

The linen sector of the industry has during the last few years experienced great difficulties in supplying the industry with raw material. For this and other reasons, the shift coefficient in spinning decreased from 2.3 in 1977 to 1.69 in 1982, in weaving correspondingly from 2.63 to 2.24. A significant lag was allowed to occur in the production of linen fabrics compared to the targets of the five-year-plan. At the present time, the industry is fully supplied with raw material resources, which creates favorable preconditions for the attainment of the limits of the five-year-plan in regard to the production of fabrics. In 1984 their production will be 8.9 percent greater than in the preceding year, including in the Russian Federation by 12 percent. We will have to secure the primary growth of jacquard textiles, underwear and mixed-fabric materials. There will be an increase in the output of fireman jackets made of chemical fibers. We envisage the mastering of the technology of the production of linen fabrics on pneumatic-foil looms and to increase their output on STB looms.

The introduction of advanced technology for the intensive chemical processing of yarn and roving, utilizing the highly productive UKD apparatus, will be continued.

In the wool sector of the industry, special attention will be given in 1984 to the improvement of the assortment of fabrics and the increase of their quality. In accordance with the demands of the trading organizations, the assortment will be renewed: Clothing [fabrics]--by virtue of fabrics with raised [karetochnyy] jacquard designs, fabrics made of one-fiber yarn, from yarn of crepe twist, flannels, crepes using the [metanit] effect, fabrics using shaped crepe, and fabrics with [fulerovka];  
--dress [fabrics]--fabrics made of color-blended and double-twist yarn, with [fulerovka], colored warp dressings;  
--coat [fabrics]--fabrics with [podvorsovka], with shaped yarns, teased, smooth-dyed fabrics and fabrics using camel's hair, and thick cloth of double-sided design.

The volume of the production of yarn by the pneumatic-mechanical method is growing in the sector, the share of shuttle-less looms will increase to 84 percent, and the introduction of antistatic, molecule-stable, water-repellant and softening types of fabric finishes will continue.

In the silk sector of the industry 70 percent of the growth of production will be obtained as the result of the better use of existing capacities. The highest growth rate in the production of silk fabrics is envisaged in the Azerbaijan, Armenian and Kazakh Union Republics. Plans call for a significant increase in the output of raincoat, jacket and synthetic fabrics, corset, blanket, decorative, mixed shirt [fabrics]. The consumer will receive stylish natural-like fabrics made of chemical fibers, jacquards of low material-intensiveness, light-weight crepe fabrics made of natural silk, including with a goffering effect. The output of fabrics utilizing artificial twisted fibers and textured polyester fibers of average tensile strength.

The production of non-woven materials will increase by 21.6 percent basically in the existing enterprises, but also as the result of the putting into operation of new construction projects (in the city of Kzyl-Orda in the KaSSR, the city of Chardzhou in the TuSSR, and in the city of Tuymazy in the Bashkir ASSR).

There will be an increase in the output of clothing, footwear, towel, fringed, furniture decoration, and non-woven materials.

There will be an increase by 45 million square meters in the output of non-woven fabric-type materials, container and wiping materials, the bases for artificial leathers and oil cloth for the printing industry, which will make it possible to replace with them a corresponding quantity of cotton fabrics.

The production of knitted articles will increase by 6.1 percent, of hosiery articles--by 3.8 percent, which will basically be secured as the result of the better utilization of production capacities and the technical equipment of existing enterprises.

The greatest growth in output of hosiery articles is envisaged in Kirghizia, Uzbekistan and Azerbaijan, of knitted underwear fabric--in Armenia, Georgia and Uzbekistan, of knitted street wear--in the RSFSR, Azerbaijan and Armenia.

Work will be continued on the introduction of a new assortment of hosiery and knitted articles. With the installation of new equipment, the introduction and mastery of new technology, there will be an increase in the output of knitted articles made of printed cloth by means of thermoprinting, piece-good printing, of knitted underwear and street wear fabric made from mercerized fiber, and underwear fabric made of a mixture of cotton yarn and artificial fibers.

The workers of the sector will have solve large tasks in the sphere of capital construction.

For the development of the sector in 1984, 1,875 million rubles in capital investments are being allocated by the USSR Ministry of Light Industry, including 567.5 million rubles for construction and assembly work, 830 million rubles in capital investments are earmarked for the technical reequipment of existing enterprises.

In exchange for obsolete equipment, it is planned to install 430,000 spinning spindles and positions, 18,500 looms, and also to increase the capacities for the production of 44.4 million units of knitted articles and 35.6 million pairs of hosiery articles, 17 million square meters of non-woven materials, and others. All targets established for 1984 in regard to the increase of capacities are higher than those expected in the current year.

The opening of 146 projects is envisaged.

The targets in regard to the introduction of basic production capacities for 1984 are also significantly higher than those expected in the current year. Plans call for the opening of specialized factories for the production of combed cotton yarn in the city of Novocheboksarsk, Neftekamsk, Maralik in the ArSSR, Uchkuprik in the UzSSR, and Tselinograd, capacities for the production of non-woven materials in the city of Tuymazy, Syktyvkar, Kzyl-Orda, the settlement of Volodarsk in Moscow Oblast and the settlement of Tashlak in Fergana Oblast, for hosiery articles in the city of Dmitrovgrad, Frunze, and Il'ichevsk in the UzSSR, and Klappod, and others.

Work will be continued on the accelerated development of the cotton industry (of spinning production) in the Uzbek, Kazakh, Tajik, Turkmen, Azerbaijan, and Armenian Republics, which will make it possible to sharply reduce the delivery of cotton yarn from the RSFSR to these republics in the near future.

In the UzSSR, along with the continuation of the construction in rural localities and the putting into operation of 12 branches of cotton enterprises, construction of another 10 branches will be started, including three for the production of combed yarn, which will subsequently provide for the accelerated development of the knitted fabric industry. The positive experience gained by the republic in regard to the construction of branches in rural localities in the course of 12-13 months by organizations subordinated to the Council of Ministers of the republic must be utilized more broadly in the neighboring Central Asian republics, the KaSSR and the AzSSR, where the question of finding work for the graduates of rural schools, who are not employed in public production, has also become acute.

The tasks before the workers of the textile industry in 1984 are difficult, but realistic.

The fuller utilization of the rights granted to the industry by the decree of the CPSU Central Committee and the USSR Council of Ministers "On Additional Measures for the Assignment of Personnel in the Enterprises of the Textile and Some Other Sectors of the Industry of the System of the USSR Ministry of Light Industry" and the decree of the CPSU Central Committee, the USSR Council of Ministers, and the AUCCTU "On Measures for the Further Increase of Labor Productivity in the Enterprises of Light Industry on the Basis of Every Conceivable Dissemination of the Brigade Form of Labor Organization, the Work Experience of Progressive Workers in Regard to the Expansion of the Service Zones of Equipment and the Reduction of Labor Expenditures for the Manufacture of Production" must secure a significant improvement in the utilization of production capacities and an increase in the quality of the production being turned out.

The solution of the tasks before the industry will also be aided by the execution, in conformity with the decree of the CPSU Central Committee and the USSR Council of Ministers, of the new experiment in regard to the expansion of the rights of the production associations (enterprises) of the USSR Ministry of Light Industry in the planning and economic activity and in regard to the increase of their responsibility for the results of their work.

The fulfillment of the plan for 1984 by the textile industry will be an important stage in the realization of the measures aimed at the further increase of the well-being of the people, which were developed by the 26th Congress of our party.

#### Our Interviews

A number of articles have been published in the journal which contain sharp criticism directed at the machine builders (for example, in No 8, 1983, which is devoted to new technology, and in No 9, 1983, which is devoted to equipment repair, as well as in the materials on the expanded collegium of the USSR Ministry of Light Industry, devoted to the April (1983) Decree of the CPSU Central Committee and the USSR Council of Ministers). For this reason, the editorial board regarded it as expedient and timely to acquaint our readers with how the problems worrying the workers of our industry are being solved by the machine builders.

In this issue, the question of the editors, composed on the basis of our publications, are answered by I. I. Pudkov, the minister of machine building for light and Food Industry and Household Appliances.

Question: What additional measures are planned to be carried out in accordance with the tasks set before the Ministry of Machinebuilding for Light and Food



Industry and Household Appliances in accordance with the decree "On Additional Measures for the Improvement of the Supply of the Population With Consumer Goods in the Years 1983-1985"?

Answer: In the plan of economic and social development of the industry during 1981-1985 and in the period to 1990, the Ministry of Machine Building for Light and Food Industry and Household Appliances envisaged the solution of the following tasks:

- To increase the output of technological equipment and spare parts for the satisfaction of the demand of the sectors of light industry being served and for export;
- to create and to substantially reduce the periods for putting into production of new technology and progressive technological processes;
- to increase labor productivity, which will guarantee a higher technical level of equipment (production) and an improvement of working conditions.

Question: What are the perspectives for the improvement of the quality of equipment, its reliability and high-speed parameters?

Answer: At the present time, more than 1,100 designations of technical equipment for the textile and light industry are supplied to production by the Ministry of Machine Building of the Light and Food Industry and Household Appliances. In 1983 735 million rubles worth of this equipment will be produced, and in 1985--849.9 million rubles worth, i. e., the level attained in 1980 will be surpassed by 28 percent. The proportion of production with the State Emblem of Quality in the volume of equipment produced by the Ministry increased from 25.3 percent in 1980 to 32.7 percent in 1983.

The introduction, in the 10th Five-Year-Plan, of new progressive equipment, as for example, pneumatic spinning machines of Type BD-200, spinning and twisting machines, the ATPR shuttle-less looms, the STB, etc., produced an economic effect amounting to 1 billion rubles and made it possible to free 360,000 workers in the light industry.

The mass types of equipment being turned out at the present time are not inferior to the best foreign models, and the conceptions of the development of domestic machine building for light industry correspond to world conceptions. However, some types of equipment do not satisfy light industry in regard to the level of automation, the assortment possibilities, the quality of manufacture, and reliability.

In the 11th Five-Year-Plan a complex of measures is being realized in regard to the further improvement of equipment, measures aimed at the creation and introduction of new, highly efficient machine systems, units and production lines, equipped with automatic control systems and technological process control systems; the further improvement of existing types of machines for increasing their productivity, the expansion of assortment possibilities, the reliability and quality of manufacture; the integrated mechanization and automation of auxiliary operations, the reduction of the noise and vibration of equipment, and the improvement of the sanitary and hygienic conditions of work.



The most important direction in the work of the sector during the current five-year-plan will be the creation and delivery of 35 designations of complete technological lines and units of equipment. They include automated production lines of Type LKh-2 for the processing of average staple raw cotton; production lines for the production of uniform patterned linen fiber and for the preparation of linen fiber and combings for spinning; equipment units for the production of cotton yarn of average linear densities by circular spindleless methods and for the production of yarn of great linear densities made of a mixture of low-grade cotton and cotton wastes from spinning production and chemical fibers; high-speed lines of decoration processes, and others.

Also planned are the putting into production and further increase in the volumes of production of mass types of highly productive economical equipment:

- pneumatic-mechanical spinning frames for cotton. Some 10,500 such machines are already working in the industry, and it is envisaged that 11,500 units will be manufactured by 1985, including 3,000 machines with a chamber rotation frequency of up to 60,000 min<sup>-1</sup>;

- for spinning mills processing wool and flax, 500 pneumatic-mechanical machines will be produced, which will make it possible to increase the output of yarn from 1 square meter by a factor of 1.5 to 2.5 and to double labor productivity;

- for the production of worsted wool yarn, the output of 1,000 self-twisting aeromechanical spinning machines is envisaged, which guarantee the growth of the productivity of labor and equipment by 70 percent;

- 80,000 units of looms of Type ATPR have already been manufactured, and by the end of the five-year-plan another 32,000 of these looms will be produced, as well as 24,000 looms of Type STB, whose proportion in the cotton industry now comes to 33 percent, in the wool industry--76 percent, in the silk industry--48.5 percent, and in the linen industry--23.5 percent of the total fleet of looms and other types of equipment.

Work is constantly being done in scientific research institutes and machine tool design offices in regard to the increase of the reliability of equipment. The implementation of measures approved by the deputy ministers of the USSR Ministry of Machine Building for Light and Food Industry and Household Appliances and the USSR Ministry of Light Industry in 1979 will make it possible in 1985 to significantly increase the period of service of the most mass types of equipment. On the basis of the reports of the reliability services of the enterprises and organizations and taking into account the work being done in this sphere, a prognosis of the growth of the indicators of the durability and reliability of the mass types of equipment was compiled to the year 2000. It must be taken into consideration that during this period the speed parameters will actually increase by a factor of 1.3 to 1.6 and, therefore, the actual values of the average operating time per failure and resource before the first general overhaul will be so many times higher.

The problematic questions of increasing the reliability of equipment are solved jointly with the academic institutes and the institutes of other ministries.

The following work will be carried out in cooperation with institutes:

The Institute of Problems of Machine Building of the USSR Academy of Sciences is creating materials possessing high wear resistance to increase the durability of brake linings of the thread-guiding parts of looms;

The State Scientific Research Institute of Machine Sciences imeni A. A. Blagonravov will develop the technology guaranteeing the high endurance of lamellar springs of the micro-spacers of STB looms and wear-resistant anti-friction material for the plain bearings which operate in acid and alkaline media;

The Institute of Metallurgy imeni A. A. Baykov of the USSR Academy of Sciences is conducting research on the creation of new material and the development of the technology of the manufacture of knives with high wear resistance, and others.

Much attention is being devoted to the putting into operation of equipment that makes it possible to increase the quality of consumer goods, above all sewing equipment and equipment for finishing industries, and also to replace import. In 1984, instead of the equipment being purchased, the LZ-180-Sh Line for the sealing-up of wool fabrics will be manufactured, which will secure the improvement of the external appearance of fabrics. The productivity of the line will be 1.5 to 2 times higher than the existing one.

It is planned to conduct work on the creation of automated industries, complexes and lines: For the production of cotton yarn on the basis of modern equipment of the "bale-belt" type, hardware-controlled semi-wool yarn on the basis of pneumatic-mechanical spinning, systems in sizing and warping using microprocessor technology, comprehensively mechanized sections on the basis of multi-shed looms of continuous fabric formation, in stocking production--the automation and mechanization of processes from dyeing to the packaging of the finished stockings on the basis of the LKCh-750 lines for integrated finishing and the ASU-350 automaton, as well as automated lines for the production of non-woven materials, and others.

Question: What are the prospects for the introduction of robots and manipulators in the industry?

Answer: A products list of robotechnical means has been developed jointly by the USSR Ministry of Machine Building for Light and Food Industry and Household Appliances and the USSR Ministry of Light Industry, including: Automatic bundle sorters, automatic pullers for circular, pneumatic-mechanical and self-twisting spinning machines, automatic spooling and drawing-in machines, and others. Their introduction is projected for the end of the 11th and the beginning of the 12th Five-Year-Plans.

In addition, equipment will be created which utilizes non-traditional methods of materials processing, such as, for example, the program location and spacing of materials by means of a laser beam, the joining of parts through ultrasound, the production of non-woven materials by the method of heat-strengthening, etc.

The fulfillment of the projected tasks will make it possible to satisfy the demand of light industry for equipment in the following volumes accordingly for the processing of cotton by 85 percent and 98 percent; linen--by 85 percent and 100 percent; wool--by 82 and 98-99 percent; chemical fibers--by 84 percent and 98 percent, and conditionally to free 425,000 persons. The annual economic effect will amount to more than 1.3 billion rubles.

Question: What are the plans for solving the problem of supplying the sector with spare parts?

Answer: The Ministry of Machine Building for Light and Food Industry and Household Appliances is producing a large quantity of spare parts for the textile industry. During 1981-1982 the volume of their production reached 140-150 million rubles. However, even given such large production scales, the industry is experiencing difficulties in connection with satisfying the demand for them. In the near future, this problem will be solved both through the increase of the volumes of their production and the increase of their quality, above all, of mass parts for textile machines.

In order to improve the quality and increase the volume of the equipment being produced and of spare parts for it, 66 automatic lines have been introduced in enterprises of the Ministry of Machine Building for Light and Food Industry and Household Appliances, including 22 lines for mechanical processing, 3--in casting production, and 41--in electroplating production, as well as 183 mechanized production lines. Modern mechanized electroplating processes have been created in 16 plants of the sector; 1,210 special and aggregated semi-automatic machines have been introduced, as well as 34 installations for the plasma processing of metal, and 456 machine tools with numerical program control.

The work in regard to the introduction of robotechnics is developing. During the 2.5 years of the current five-year-plan, 33 automatic manipulators with program control, 41 balanced manipulators and 53 transfer-arms for electroplating have been established.

Enterprises of the Ministry of Machine Building for Light and Food Industry and Household Appliances will see the introduction of processes of laser hardening of flats, saws for cotton-cleaning equipment, parts for STB and ATPR looms, processes of chemical and thermal hardening for parts of carriages, ATPR looms, plasma spraying, as well as methods for the protection of metals against corrosion. For the manufacture of parts on a larger scale, anti-corrosion, special-composition materials, glass ceramics and porcelain will be used. Considering the fact that the enterprises of the textile sector of the industry have their own repair base, it seems expedient to carry out all types of repairs on the basic equipment being produced through the efforts of these services, after having supplied them with modern equipment, and to organize the centralized distribution of spare parts and components in the necessary volumes.

It also seems expedient to create inter-departmental specialized repair services for the repair of some mass units in the restoration of the most labor-intensive parts. Such services for the repair of spinning heads for BD [high-speed] machines have already been created in the Kamyshin Combine.

Question: What are the prospects for aligning the growth rates of the technical and economic parameters of the machine building production with the growth of its cost?

Answer: In connection with the equipment of machines with the means of the automation of quality control of the output being produced, the increase in the cost of some types of equipment proceeded at higher rates than the growth of its productivity. This is a completely natural phenomenon since the cost of modern means of automation, with the broad use of computer technology and electronics, is still high. Thus, for example, the equipment of MT-2 machines with a corrector guaranteeing the uniformity of linens and thus making it possible to obtain yarn of a higher quality led to the increase of their cost by a factor of 1.5 while productivity increased by a factor of 1.3.

The new ChM-50 carding machine is 1.9 times more expensive than the ChMM-14 machine, while productivity increased by a factor of 1.3. But on the whole, such an advance of the cost of equipment over productivity is not observed.

The prices of new, for example, automated drawing frames do not outstrip the productivity growth rates and their reliability.

One of the basic directions in regard to the equalization of the growth rates of the technical and economic parameters of machine building output with the growth in costs is the reduction of material-intensiveness, labor-intensiveness and, on this basis, the production cost and wholesale price.

Measures in regard to the improvement of the construction of machines, the technology of their manufacture, and the mechanization and automation of production, constantly being carried out by the enterprises of the sector, make it possible to achieve a significant reduction in the production cost of the output being produced and in the wholesale price, while preserving or improving its technical and economic parameters.

Besides the putting into production of new equipment and the expansion of the volumes of equipment being produced, there are still a number of possibilities that are not being used. The improvement of the organization of labor and production, the preparation of raw material, the dissemination of progressive experience make it possible to attain, in all enterprises of the sector, the productivity level of progressive enterprises (while producing the same assortment on the same types of machines). According to data of the USSR Central Statistical Administration, the difference between high and low indicators of productivity is the following: For spinning machines--25 percent, looms--30 percent, automatic hosiery machines--40 percent, etc.

Significant unused reserves are found in those enterprises which order machines, for their plants and manufacturers, with productivity parameters that are smaller than those that are envisaged by their technical possibilities. According to data of the Penza Machine Building Plant, of 1,700 BD-200-M69 machines produced in 1980, only 2.5 percent of the total quantity were ordered by enterprises with the maximum rotation frequency of  $40,000 \text{ min}^{-1}$ , 66.3 percent--with  $36,000 \text{ min}^{-1}$ , and 31.2 percent--with  $31,000 \text{ min}^{-1}$ .



There are cases when, because of the absence of orders from the enterprises for machines that have been created, funds are frozen which have been expended by the Ministry of Machine Building for Light and Food Industry and Household Appliances for development according to orders of the USSR Ministry of Light Industry and for the preparation of serial equipment.

The elimination of these factors will make possible a quicker and better solution of the problems connected with the increase of production and the improvement of consumer goods.

We must also note that in the creation and putting into operation of new technology and the increase of its level, there are a number of difficulties which the Ministry of Machine Building for Light and Food Industry and Household Appliances is not able to solve by its own efforts. The basic one of them is the lack of necessary quality components, materials, devices and means of automation. Among them: High-speed revolving supports of spinning cells for pneumatic-mechanical spinning machines, flat-toothed belts, elastic coatings of pressure rollers and shafts for finishing equipment, high-strength strips for circular spinning machines, reeds with an electro-polished tooth for ATPR looms, steam hoses made of heat-resistant rubber, cold-rolled tape made of R-18 brand steel, concealed-construction direct current drive for finishing production and for the production of chemical fibers, and others. For this reason, we once more turn to our allied suppliers, including the USSR Ministry of Light Industry, with the request to put into operation more quickly the components capable of raising the level and quality of our equipment.

From the Editors: The editors thank Minister of Machine Building for Light and Food Industry and Household Appliances I. I. Pudkov for the comprehensive answers to our questions and ask the readers to let them know with whom among the responsible workers of the industry institutes, ministries and departments, they would like to get acquainted in the pages of our journal and what questions they would like to have answered.

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## HOUSING AND PERSONAL SERVICES

### REGIONAL ANALYSIS OF SOCIO-ECONOMIC EFFECTS OF TOURISM

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[Article by P. M. Shul'gin: "Socio-Economic Aspects of the Development of Tourism"]

[Text] This work reveals the socio-economic nature of tourism and singles out the basic, primary units of this type of activity. Proceeding from the scientific concept proposed here, a thorough analysis is provided of the characteristics of the developments of tourism. Examined here are the questions of evaluating its economic and social effectiveness.

In carrying out the program line of the CPSU for a steady upswing in the people's material and cultural standard of living, great importance is attached to developing the population's leisure sphere. The specific task of "taking all measures to develop and improve the working people's leisure and tourism" has also been formulated for the future period [3]. As one form of leisure and an important means for the cultural and social development of the individual personality, tourism occupies a prominent place among the sectors ensuring a utilization of free time which is full of value from a moral and aesthetic point of view [4]. At the same time, it also functions as a significant factor in a territory's economic growth, determining the national economic specialization of certain regions.

The socio-economic importance of tourism and the need to solve timely problems in the leisure sphere have brought about a high growth rate in this sector of the economy. It has substantially outstripped the growth rate of the other sectors in the non-production sphere. Thus, if in 1965 the volume of tourist services for the country as a whole did not exceed 0.1 billion rubles, in 1980 this figure amounted to 1.4 billion rubles [6;7]. More than 22.5 million persons spent their leisure in tourist trips, and services were provided for 173 million excursionists [8].

Such a growth rate could not fail to have an effect on complicating tourism's links with other sectors of the national-economic complex. This process has been caused, above all, by an improvement in the material base of tourism, as well as the types and forms of services being rendered. In addition to this, the increase in the scope of tourist activity dictates the necessity for substantially increasing the amounts of accompanying output, being created both

in other sectors of the service sphere as well as in material production. In connection with this, tasks have become more complicated in the field of improving the planning and administration of tourism, improving the efficiency of its links with other elements of the national-economic structure, as well as determining the territorial proportions of this sector's development.

At the present time, the development of scientific recommendations with regard to improving the economic mechanism of tourist services, specific proposals for future schemes for developing tourism in regions, the need for the implementation of which was noted in the decree of the CPSU Central Committee, the USSR Council of Ministers, and the AUCCTU, entitled "On Further Developing and Improving the Tourist and Excursion Business in the Country" [5], lag behind the requirements of tourism. Solution of the economic problems connected with its development has also been substantially complicated by the lack in the scientific literature of a unified point of view on the socio-economic essence of tourism.

According to one such point of view, the tourist industry as a unique sector of the national-economic complex is an aggregate of the service-sphere enterprises and a number of production services of certain territories specializing in satisfying the recreational requirements of the people who come there (as a rule, without taking into account the purposes of the trip--rest, medical treatment, a business trip, etc.). So understood, tourist service functions in the form of comprehensive services by a number of sectors (trade, public dining, transport, hotel business, etc.), which are considered to be the basic, primary units of the tourist industry. It is proposed that we consider the assets of the sector and the effectiveness of their use for the aggregate group of institutions situated on the territory in question and engaged in providing services to those persons enjoying leisure-time activities. Herein, there obviously arises the necessity of isolating out that portion of the services which is enjoyed by the population living permanently in the given region.

From another point of view, the singling out of tourism as an independent sector can be accomplished solely in the presence of specific sphere of applying labor, a specific activity inherent only to tourist enterprises.

Such an approach to a treatment of the essence of tourism is, in our opinion, more correct. It allows us to define the place of tourism within the system of sectors within violating the integrated principle of their classification, as well as to reveal within the over-all, formal criterion--the temporary migration of people--the substantive distinction between tourism and other forms of leisure; this consists in its cognitive nature, its sense of direction basically toward satisfying the spiritual demands of the population. It is precisely this sense of direction, these cognitive tasks of leisure which have defined its active form--trips of various durations and degrees of complexity, excursions--which sharply distinguishes tourism from other types of leisure (in sanatoriums, rest homes and centers).

Proceeding from this approach, tourist service may be defined as ACTIVITY DIRECTED AT ENSURING THE EFFICIENT ORGANIZATION OF THE PEOPLE'S FREE TIME BY MEANS OF CONDUCTING EXCURSIONS AND TOURIST TRIPS, AS WELL AS ORGANIZING THE

USE BY TOURISTS OF THE SERVICES OF A NUMBER OF OTHER SECTORS. It follows from this definition that not just any service being rendered to a tourist will be directly touristic. Thus, the public-dining, transport, everyday, and medical services which accompany a tourist during his trip are, undoubtedly, services of the appropriate sectors, but a direct tourist service is a result of the activity of tourist institutions with regard to ORGANIZING AND COORDINATING the entire complex of the use of tourist services. From this point of view tourism is considered not as a conglomerate of various service sectors which have taken shape on a given territory but rather as an independent sector within the total system of the national-economic complex, one which is characterized by specifics of labor application and contents.

The definition which we have formulated provides us with the opportunity to decide anew the question of isolating out the primary tourist institutions within the framework of which tourist services are produced.

One of the groups may be singled out quite precisely--this comprises the excursion institutions whose principal function consists of providing excursion services to people, disseminating travel passes, as well as coordinating the activities of tourism and the other sectors on the given territory.

In our opinion, tourist centers (or tourist hotels) comprise another group of primary institutions. Formally they constitute merely one of the elements of material provision, necessary for servicing tourists en route (as are transport, public dining, etc.). In fact, though, the genuine functions of tourist centers are somewhat different.

A tourist center (hotel), to an increasingly greater degree, is becoming a comprehensive institution, designed not merely for the disposition of persons taking a trip. Its functions are being expanded by means of organizing the dining, everyday, cultural and educational services, as well as other measures provided for tourists. Many tourist centers have a network of branches, also organize the propaganda for various routes and excursions, and offer the necessary advice.

It was precisely the creation in practice of such complexes which was the cause of the qualitative changes in the function of the tourist center (hotel). Its practical activity is an expression of function with regard to organizing and coordinating the material goods and services being produced by other sectors, i.e., it already represents a tourist service proper. A tourist center has been transformed from a component of a tourist trip to a directly touristic institution.

Thus, in our opinion, the following two essentially different types of enterprises should be considered as independent primary units of the tourism sector: excursion institutions (buros of trips and excursions and excursion buros) on the one hand, and tourist centers (hotels) on the other hand. They reflect two principles in the development of the sector: based on coordinating the joint activity of enterprises in various sectors in order to provide services to tourists; and based on creating its own complex of service institutions (for example, under the administration of the Central Council on Tourism and Excursions). Various combinations of the given types of primary

tourist institutions determine the organizational characteristics of tourism in this or that territory and its links with other sectors.

Regional analysis of the processes of forming the organizational structure of tourism, its characteristics as a sector of the economy, as well as the principles of territorial development and deployment, has been carried out by us based on the examples of the oblasts (krays and autonomous republics) of the Russian Federation--a territory which is extensive and sufficiently diverse with respect to nature and socio-economic factors. The results of this analysis have shown that the presence of the two types of essentially different enterprises in the sphere of tourist services have brought about the rise also of two specific territorial types of development of tourism. This territorial differentiation is accurately manifested in economic indicators.

Thus, territories of the FIRST TYPE, represented, for example, by the Northwestern and Central Economic Regions, do not have a high level of providing places for tourist centers and hotels but significant amounts of services for tourists and excursionists. It may be noted that in organizing tourism a large role is played here by anthropogenic resources (basically, monuments of history and culture), linked, as a rule, with urban settlements. This type of tourist service is characterized by an organization of mobile leisure which presupposes a large number of side trips, necessary to provide a sufficient quality of contrast and a satiety of impressions. The principal amount of the service is accounted for by the excursion institutions. Of great importance in providing services to tourists is the principle of coordinating the activity of the tourist institutions with the enterprises of other sectors in the region.

Territories of the SECOND TYPE, such as, for example, the North Caucasus region, are characterized, in contrast, by an extremely well-developed material base for tourism. The number of places concentrated therein for accommodating tourists exceeds the corresponding indicators for the Central and Northwestern regions as a whole. However, with respect to indicators of services to tourists and excursionists, the North Caucasus region falls below each of them. Here the organization of tourism is linked, for the most part, with the utilization of natural resources and climatic factors, which, in turn, determines the clearly expressed seasonality in the work of the sector. The development of this type of tourism is characterized by continuous leisure; within the volume of activity and the structure of the institutions there is a predominant proportion of tourist centers (hotels). This type of tourist service presupposes an orientation towards a material base proper, and, as a result, links with the region's other sectors are expressed less significantly.

Rightful and necessary are subsequent studies on posing the question of the possibility of singling out tourist regions which are characterized by transitional types of organizing tourist services. Analysis based on the example of the RSFSR has not shown the presence of the mixed variant (with sufficient scope of tourist services, the oblasts are clearly oriented toward the first and second types of development). It is possible that studies of the country's other territories will show the existence of similar variants.

It is also rightful to talk about other types of tourist organization; singling them out, however, can be connected only with the manifestation in the



organizational structure of the tourist economy of types of primary tourist institutions which would be new in principle. In our opinion, the prerequisites already exist now for singling out such a new type of primary, compartmentalized tourist service as the "mobile tourist institution." This is true, for example, in the case of a tourist diesel ship, train, or other means of transport, which combine, at the same time, the functions of accomodating and providing comprehensive excursion services to the tourist. One can single out expansive regions of the country (for example, the Northern zone), where touristic development can be carried out precisely thanks to transport tourism. Unfortunately, sufficient attention has not been paid to analyzing the activity of the given tourist institutions.

The process of developing and deploying the network of primary tourist institutions is proceeding under the influence of the characteristics of a given territory's recreational resources, the use of which is determined, in turn, by a complex of socio-economic factors (economic-geographical position, transport accessibility, settlement within the region, etc.).

At the same time, the development of tourism on any territory should not be presented merely as a result of a mechanical aggregation of the types of activity of the primary tourist institutions. The process of territorial differentiation is likewise expressed in the specifics of the functioning of each primary unit within the framework of its own type, in the predominance of limited operational trends, and in the characteristics of the seasonal functioning of individual types of enterprises.

The existing territorial differentiation in the organization of the tourist services dictates the necessity of compiling a record of the socio-economic effectiveness of its development in individual regions.

The most widespread indicator, one which allows us to characterize the economic activity of tourism, is the volume of this sector's services. However, in analyzing the work of the individual tourist enterprises, it must be taken into account that the evaluation of the volume of services consists, as it were, of the following three components: 1) the tourist activity proper, 2) the activity of a number of service institutions which are subordinate to departmental tourist organizations, and 3) the activities of certain other institutions in the given region, whose goods and services are being used by the tourists. A practically significant part of the statistics regarding tourist services being evaluated is not properly touristic but rather represents the activity of a large group of institutions of the corresponding sectors of the non-production sphere (passenger transport, public dining, cultural and educational services, etc.).

Hence it follows that the results of the functioning of the tourist sector proper, as a specific sphere of the application of labor distinct from other types of activity can be evaluated only with the aid of the indicator showing the volume of services, "purified" of the results of the activity of other sectors\*.

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\* The question of monetary evaluation of the non-material goods created by the workers in tourism has been especially examined by V. A. Bogomolov [9].



In practice, however, this evaluation can be conducted only with an extreme degree of conventionality.

Rightful in a similar situation is the question of the possibility of working out new indicators for evaluating tourist services. In particular, it would be feasible, in our opinion, to introduce into the practice of planning the development of tourism an indicator of the volume of services as expressed by the number of man-days of service. The use of this indicator is justified by the fact that it reflects the direct results of the sector's activity, permits us to compare the different types of tourist services, and, in contrast to the cost indicator, is free from the influence of other sectors. Its utilization can actively facilitate improvement in planning the links between tourism and all the sectors of the region's economic complex. For example, based on a calculation of the total number of man-days of tourist service in a given region a more precise accounting is possible of the necessary transport hauls, services of the hotel complex, consumption of food products by tourists, etc.

Nevertheless, we must draw attention to one cost indicator of the tourist services being calculated at the present time. In line with the fact that it likewise includes volumes of activities connected with tourist sectors, it is an indicator which reflects the comprehensive nature of tourism's development, an expression of the closeness of the ties between tourism and the sectors of the given region's economic complex.

Results of selected research, based on the example of certain territories of the RSFSR which are characteristic for isolated types of tourist services, demonstrate that the amount of these connected services exceeds the amount of tourist services proper by a factor of 6--8. The following characteristics were also revealed: in Type I regions the proportion of services being rendered by various institutions of the service sphere of a given region within the total volume of tourist services are more than 50 percent, whereas in Type II regions it amounts to only 20--25 percent. As a rule, in regions of various types the structure of the ties between tourism and the sectors of the national-economic complex are also uneven.

The complex, closely connected with tourism, of institutions in the service sphere and individual enterprises of material production can be characterized as the infrastructure of tourism and relegated to the group of auxiliary production lines, ensuring the functioning of tourism as an independent type of activity. It must be emphasized that this singling out is based upon the possible development of tourism as a branch of specialization in the given region. Specialization, since it is a qualitative differentiation of labor activity and expresses itself in the division of old and the formation of new sectors, as well as in the division of labor within them, has led to a bilateral process of individuation and co-existence among various types of labor activities, the manifestation of which is exchange.\*

In the present-day economic literature it has become accepted to define regional specialization as the production of products for the needs of inter-regional exchange, moreover, of those which can be received in the given

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\* "In direct connection with the division of labor," V. I. Lenin noted, "there stands the territorial division of labor, the specialization of certain regions in the production of a single product, sometimes of one sort of product, and even a certain part of a product" [2, p 431].

region with the greatest advantage. A sector acquires a specializing importance only in those instances when it ships out the principal mass of its output, when the sectorial enterprises of a given region are operating basically for the purpose of satisfying not local needs but needs outside the region.

Under present-day conditions the national-economic importance of services as various types of socially useful activity allow us to speak about the specialization of regions in services in the broad sense or in individual types of activity of the sphere of providing services to the population. Moreover, proceeding from the characteristic of the service--the time and place of its production and consumption must, by necessity, coincide--inter-regional exchange in the given case occurs in the form not of hauling finished goods but rather the movement from one place to another of the consumers themselves. We are observing, so to speak, the phenomenon of inversion in specialization, whereby the product (in our case, a tourist service) is consumed within the territory specializing in it.

Capable of serving as a concrete indicator of the specialization of tourism is the magnitude of the volume of tourist services rendered to people arriving; this actually corresponds to the indicator of products shipped out. Moreover, the inter-regional importance of a given territory's specialization can be judged by the ratio of the volume of services being produced in the region under examination to the total magnitude of the tourist service being produced by the sector on a nationwide scale.

As a sector of the economy applied to various regions, tourism may have an uneven orientation. Thus, for an individual territory or populated point it may become a basic function, i.e., assume a region-forming or city-forming importance. Within the framework of a specific region tourist services may also serve the principal task of satisfying the leisure requirements of the local population. The necessity of its presence in the structure of any region's economy as a sector called upon to organize free time is determined by the territorial indivisibility of the processes of the reproduction and utilization of manpower.

The questions touched upon here have already been dealt with by an analysis of the consumption of tourist services. Examination of this aspect is of definite importance in evaluating tourism, inasmuch as the effectiveness of tourist activity as a sector ensuring a specific level of social development and prosperity ought to be analyzed through the ultimate consumption of its services by the population.

As a whole, the concept of economic effectiveness is usually connected with the increase in the amount of output being produced per unit of expenditures of live and materialized labor. In the sectors of the non-production sphere, however, a rise in effectiveness is frequently linked with a growth in the given expenditures. In a socialist economy this is connected with the priority of attaining the necessary social results. Therefore, that point of view seems correct which presupposes the necessity of utilizing criteria which reflect the socio-economic importance of the given services in raising the people's standard of living /10/.

Serving as a possible, unofficial indicator of the sector's economic efficiency is the ratio of the volume of services offered (as expressed in the cost as well as the man-days of service) or the profits to the number of employees. It is possible thereby to use various indicators characterizing the ultimate consumption of tourist services. It seems more correct to utilize not the magnitude of the total amount of the services but rather the cost indicator which characterizes the volume of direct tourist services. It can be carried out by means of totaling up the tourist services being created by the workers of the excursion institutions and the tourist centers (hotels), as well as the magnitude of the services reflecting the participation in tourist services of personnel in sectors connected with tourism, to be determined, for example, on the basis of applying specially worked-out coefficients to the magnitude of the workers' wages.

It is just as complicated to calculate the number of employees in tourism; the indicators are derived from the number of permanently employed workers, temporary personnel, supernumery excursion guides, and miscellaneous workers from other sectors participating directly in providing services to tourists.

We consider as most correct, however, the use of the indicator of man-days of service, which reflects the end results of labor outlays and allows us to conduct a comparison of the economic and social effectiveness, in particular, by means of determining the aggregate expenditures for servicing one man-day (or hour) of free time.

Evaluation of the over-all effectiveness of tourist services is possible only by taking into account a system of indicators within which there must be a reflection of the influence of tourism's development on other sectors of the given region, the degree of involving various resources in economic circulation, etc. A similar evaluation can be carried out, for example, by using the indicators of the correlation between the amounts of tourist activity and that of a number of other sectors in the region; the proportion of the services of any sector connected with tourism within the total volume of its services; the involvement of new territories in economic activity; the utilization of various types of natural resources; the involvement of various contingents of the population in the labor process, etc.

Let's examine certain indicators which characterize the effectiveness of tourism, as calculated on the basis of a selected study of two territories typical of Types I and II (indicators computed on a yearly basis).

	Type I	Type II
Total amount of tourist services per employee in a sector, in thousands of rubles . . . . .	15.4	11.9
Amount of profit per employee in a sector, in thou. rubles . . . . .	1.3	1.0
Amount of direct tourist services per direct employee in tourist services, in thou. rubles . . . . .	4.1	3.9
Amount of man-days of services per direct employee in tourist services, in thousands . . . . .	3.8	3.6
Ratio of average registered number of tourist personnel to the maximum number of workers employed in tourist services. . . . .	1:1.8	1:3.0

Proportion of services created by the services of other sectors within the total volume of tourist services, as a percent . . . . .	51	22
Aggregate expenditures to handle 1 hour of free time, in rubles . . . . .	1.03	0.89

The over-all national-economic effectiveness of the tourist services should be presented not merely as the sum-total of the partial effects of the cooperation between tourism and the other sectors of the national-economic complex. Other important economic factors likewise ought to be taken into account, such as the reduction of expenses for medical treatment and the payment of disability allotments, the prevention of losses of working time as a result of curtailing the instances of illnesses, as well as the direct growth of labor productivity after a full-valued tourist vacation. An approximate evaluation, taking these factors into consideration for the country as a whole and performed by us according to data on the contingent of those on vacation and the trends of growth in labor productivity in the principal sectors of materials production, comprises 1.8--2.3 billion rubles, which exceeds by a factor of almost 15 the profits obtained directly in the sphere of tourist services. Moreover, even these calculations are not sufficiently complete.

As a sector which has been relegated to the non-production sphere because of the nature of the work done by its employees, tourism does not participate directly in the formation of the national income. This, however, does not exclude, in analyzing economic effectiveness, the ascertaining of its indirect influence on the production processes through the economic ties in a region as well as through the effective servicing of the population's free time, inasmuch as, to quote K. Marx, "free time--which constitutes both leisure and time for more elevated activity--...transforms the person who possesses it into a different subject, and, as this different subject, he then also enters into the direct process of production" [1].

The social effect of developing tourism is directly connected with ensuring the effective utilization of free time by the population. It should be emphasized that tourist services encompass not merely the contingent of persons who have chosen tourist trips for their vacations but also people who enjoy, for example, other types of leisure or who receive specific tourist services (excursions, trips of brief duration, etc.).

It is erroneous to consider tourist trips merely as a long-term vacation. Analysis of the data, including that on foreign tourism, has shown that the average duration of a tourist trip usually amounts to a few days. A significant role in the formulation of this indicator is played by the practice of taking tourist trips on days off and holidays. In comparison with vacations, leisure time on week-ends accounts for three times as much free time, which, moreover, has been provided with organized forms of leisure; this frequently has an effect on its inefficient use from the viewpoint of society. We have not excluded the possibility of involving the services of the tourist institutions also for developing the resources of everyday free time, which at present is hardly being done at all. It is important to take all this into account in



Providing Services for the Free Time of the USSR's Population  
(Per Capita Hours per Year)\*

Form of Service	1970	1980	1980 as a % of 1970
Theaters . . . . .	1.15	1.13	98
Concerts . . . . .	1.64	1.72	105
Museums . . . . .	0.64	0.89	139
Libraries . . . . .	75.02	106.8	142
Motion Pictures . . . .	32.47	27.3	84
Clubs . . . . .	11.1	12.8	115
Tourism . . . . .	1.6	5.3	331
Sanatoriums and Boarding Houses . . .	1.6	2.4	150
Rest Homes and Centers .	1.8	2.8	156

\* Calculated in accordance with 8, pp 413-415, 475, 479, 480, 481; 13, pp 6, 7; 14, pp 306, 307, 344; 15, pp 568, 569, 668, 672, 675; 11, p 228/.

determining the social effect of the development of tourism.

In order to evaluate this effect, we propose to utilize indicators characterizing the servicing of the population's free time by means of the services implemented by this sector. A similar evaluation, in particular, has also been conducted for other sectors providing services for the population's free time [11, pp 223--229; 12/ (Table). For the USSR on an average, as calculated on a per capita basis, free time encompassed by the organizational forms of tourist services, amounted to 5.3 hours.

With regard to the amount of time being assimilated, the scope of tourist activity is at present already comparable with certain types of cultural-educational services provided to the people, and it significantly exceeds other forms of organized leisure. Tourism has also emerged as the most dynamic sector in the group of sectors connected with providing services for free time. During the period 1971--1980 the indicator of servicing free time by tourist services increased by a factor of 3.3--significantly more than for any comparable type of activity.

Serving as an important indicator of social effectiveness is the volume of organized free time accounted for per employee in this sector. It is precisely on the basis of this indicator that it is feasible to conduct an analysis of the effectiveness of various measures for improving tourist services, along with changes in organizing the work performed by the sector's employees. Capable of serving as an additional characteristic of the social effectiveness of tourist services are the indicators of the rise in the level of consumption of services by other cultural-educational institutions. Thus, an evaluation conducted by us for a group of oblasts in the RSFSR has shown that, thanks to the tourist services, the attendance rate at museums by the local population has been ensured at 18--25 percent and that of concerts and theatrical



presentations by 5--10 percent. Tourism has played a substantial role in rationalizing the structure of the cultural and educational servicing of the rural population.

It is interesting that the comparison which was conducted for several oblasts and autonomous republics belonging to various singled-out types of territories did not show significant differences among them with respect to the social and economic effectiveness of the development of tourism. With various combinations in the forms of tourist activity they have approximately equal indicators of the organization of the local population's free time as well as both amounts of services and profits, as calculated per capita employee in the sector. Based on the example of each type, one can note the trend toward a rational utilization of resources of the territory and labor resources. Results of the analysis provide the foundation for the conclusion that the rational organization of the system of tourist services, taking into account the correspondence of the type of tourist development to the objective conditions of the regions, allows us to obtain an equally high socio-economic effect with various forms of tourist use of the territory.

Analysis of the present-day status of tourism and the factors determining its prospects allows us to suppose that the tendency of tourism's development on the basis of coordinating the activities of various sectors of the service sphere is becoming more and more preferred. It lives up to the task of economical management in the region, the rational use of local resources, and the involvement, within the framework of tourism, of newly populated populated points. This principle of tourism's development is based, for the most part, on the activity of the excursion institutions and is developing intensively in Type I regions. It seems that in the future the development of tourism in accordance with this type will encompass a large number of territories. This does not signify, however, the need to gradually re-structure the organization of tourism and re-orient it in all oblasts in accordance with the example of the Type I tourist regions. Tourism in accordance with the Type II principle can be successfully developed in places where the main role is played by natural tourist resources and with the development of new regions. A rational combination of the two types of tourist services will facilitate a more complete utilization of the country's recreational resources.

Further research in the field of the economics of tourism presupposes a detailed study of its development on territories of various types; great importance herein is assumed by the refinement of the territorial differentiation of the normative indicators on which we must key in developing this sector.

The aspects of developing tourism which we have examined and the visible results of solving the problems confronting this sector testify to the high degree of effectiveness of tourist activity. Only a direct profit in the sector, which cannot lay claim to the role of an indicator characterizing the entire economic effect, indicates the justifiable grounds for further investments in this sphere. And the over-all economic effect, including the positive influence of tourism on the activities of other sectors, its role in stimulating a territory's economic development, and the prophylactic value of tourist leisure, etc., is enormous. It is also still important to take the social effect into consideration, as expressed in the rationalization of the use of the population's free time, a rise in the cultural level, and the

implementation of ideological tasks. All these factors serve as a pledge of the accelerated development of tourism for the period of the future as well.

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## HOUSING AND PERSONAL SERVICES

### FUNDING OF CULTURAL PROGRAMS, HOUSING CONSTRUCTION EXAMINED

Moscow PLANOVOYE KHOZYAYSTVO in Russian No 2, Feb 84 pp 62-67

[Article by Candidate of Economic Sciences S. Lazareva, "Formation and Utilization of a Fund for Social-Cultural Measures and Housing Construction"]

[Text] In the 11th Five-Year Plan, a comprehensive program for economic and social development and increased national prosperity was adopted. Successes attained in the economic administration make it possible to achieve party progress according to plan, toward a further increase in the nation's standard of living.

An important role in the solution of social development problems is played by production associations, with the required economic base at their disposal, including a fund for social-cultural measures and housing construction. Extensive financial resources are set aside for its formation, almost 2.5 billion rubles in 1981. At the June (1983) CPSU Central Committee Plenum, Yu. V. Andropov stressed the need for establishment of a direct ratio between the size of this fund and final production results.

The social-cultural measures and housing construction fund is an important source of financing for many measures provided for in future and current plans of social development for collectives, and also a means of stimulating collectives to achieve high labor results. V.I. Lenin indicated the correctness of making satisfaction of social-cultural demands depend on labor results. He wrote that it is necessary that "laborers continually study to understand and see for themselves how and how much they need to work, how and how much they can rest, so that comparison of work results of the economy of different communes might be the object of general interest and study, and so that successful communes might be immediately rewarded (by shortening the work day by a certain time, increasing pay, presenting a large number of cultural or esthetic benefits and values, etc.)"<sup>1</sup> And further, "The best example of the organization of production will be accompanied by inevitable lightening of the work load and improvement in total consumption for those who brought about this better organization."<sup>2</sup> This position has become especially current in the era of the scientific and technical revolution, which not only makes work easier and eliminates unskilled heavy physical labor, but at the same time



increases the level of emotional and psychological burdens, as well as expenditures of mental and nervous energy. In turn, the creation of favorable leisure conditions, high-quality medical care and cultural leisure are required for workers (according to the nature and cost of their labor). Therefore, a source of means for guaranteeing fulfillment of these conditions is necessary. The fund for social-cultural measures and residential housing serves as such a source. The tangible portion of economic goods and services is involved in its use in the area of giving workers economic incentives. Means from the fund can be distributed more efficiently within the framework of the enterprise. Indeed an enterprise needs its own financial base so as to consolidate its forces to perfect technique and technology with social transformations.

Capacities of the collectives for utilizing means of the economic stimulation fund have grown significantly with the adoption of the Labor Collectives Law and their increased role in the administration of enterprises, institutions and organizations. It calls for expansion of collectives' authority in using means from the fund for social-cultural measures and housing construction; the collectives discuss and approve estimates of expenditure from this fund and control its administration.

From the standpoint of its economic nature, the fund for social-cultural measures and housing construction belongs to cost-accounting incentive funds for enterprises and associations. Its size depends on fulfillment of plan indicators and attained effectiveness level; its distribution provides preferential satisfaction of wants of those workers and collectives who are getting high results. This is exactly why in both the process of formation of the fund of social-cultural measures and housing construction and the utilization of its means, its influence on the collective and personal interest of the workers should serve as a lever.

In recent years the effectiveness of the fund for social-cultural measures and housing construction has grown and its size is constantly increasing. In the 11th Five-Year Plan, for example, the total sum of allotments to this fund was almost double that of the 10th. This makes it possible to intensify its role in satisfying social-cultural wants of production collectives and to provide incentive for the quality of labor.

The process of perfecting the formation of economic incentive funds is an ongoing one in this country. What is important here is to guarantee the relationship between incentive funds and results of production activity, economic calculation, and the social development of collectives. Production and scientific-production associations bring about substantial changes and additions to the procedure and practice for creating incentive funds. Means from incentive funds are concentrated therein, including the fund for social-cultural measures and housing construction. The role of the latter in stimulating production is primarily determined by the system of its formation.

The fund is created parallel with the fund for economic incentive. The distinguishing characteristic is that stable norms for its formation are

established in the five-year plan according to years in the amount of 30-50 percent of the economic incentive fund, and not as a function of specific indicators. Consequently, the fund-forming indicators of the fund for economic incentive automatically extend their influence to the size of the fund for social-cultural measures and housing construction; because of the substantial simplification of this very procedure for formation, the effect of stimulation is very tangible.

Basic statutes on the formation and distribution of the economic incentive fund and the fund for social-cultural measures and housing construction were approved in 1980. They introduced substantial changes providing for increased interest on the part of enterprises and production associations in attaining better final work results and filling and overfilling quotas for the 11th Five-Year Plan.

The system for the composition and fulfillment of the five-year plan is more closely related to the procedure for forming incentive funds. Under the new procedure, even in the planning of the incentive funds the level of fund-forming indicators has an effect on the sizes of allotments. If fund-forming indicators exceed control numbers in the process of drafting the five-year plan by ministries, associations and enterprises, the incentive funds are increased, and vice-versa.

In order to interest economic agencies in drafting stepped-up five-year plans simultaneously with control numbers according to basic indicators, in the 11th Five-Year Plan norms for forming incentive funds for all levels of administration were established.

Their size was determined in the process of forming incentive funds; on the basis of control numbers; for the five-year plan with distribution of allotment sums by years, according to the difference in levels of five-year plan indicators and control numbers; in the yearly plan according to deviations of yearly plan indicators from five-year plan quotas; calculation of actual allotments to incentive funds corresponding to the level of fulfillment of the yearly plan. Step-by-step determination of fund size was intended to strengthen the effect of fund-drafting indicators on stimulating production intensification.

Formation of incentive funds is accomplished on the basis of norms for increase in labor productivity and the proportion of products with a higher quality category in the total volume of production. Consideration of sectorial characteristics is reflected in the new procedure, according to which norms for formation of incentive funds can be established according to other quality indicators: economy of material resources; increase in capital-output ratio and the shift coefficient; level of profitability and reduction in production cost. There can be no more than 2 fund-forming indicators (3 in exceptional cases). However, the quota for increased labor productivity must be included as a rule.

The stability of fund-forming norms in percents and profits for the five-year plan should be considered a positive aspect of the procedure.

According to the previous method, single typical norms in percentages of the planned value of the economic incentive fund for a base year were used. They were used to correct the size of allotments in cases when work indicators deviated from five-year plan and annual plan quotas. As a result, the value of norms and fund-forming indicators was significantly increased.

Besides the indicators that have been mentioned, the value of incentive funds is determined by fulfillment of obligations regarding the supply of a product mix (assortment) and within the period agreed upon when contracts were concluded. Additional allotments to incentive funds are made when the profits plan is exceeded; when it is not filled, the size of the funds is reduced. An increase in the proportion of products of secondary quality by comparison with the plan can also be accompanied by a reduction in funds. Improving the quality of production and updating the assortment significantly increase incentive funds as much because of fulfillment of the indicator itself as because of additional allotments from the profit received as a result of price increases through new highly efficient production and products with the mark of quality.

The procedure for creating incentive funds makes the adoption of counterplans interesting to enterprise collectives. If counterplans exceed quotas for state five-year plans, allotments to incentive funds are made according to increased norms.

There is one more factor stimulating the economy due to the new procedure for fund formation--their connection with the wage fund. Enterprises and associations have the right to transfer money that has not been spent from a given fund within the framework of above-plan profit to incentive funds at the end of the year, but only when the production plan and increased labor productivity quotas have been met. If too much is spent for wages, means from the economic incentive fund are directed to cover it.

The new mechanism for incentive fund formation is intended to solve problems of production intensification. Specifically, the fund for social-cultural measures and housing construction is created according to a procedure determined by an improvement in the basic economic indicators. Its size in the yearly plan is calculated by multiplying allotments from profit to the economic incentive fund by an established norm.

Incentive funds will have a stimulating effect only where the size of allotments in them will be differentiated by industry and enterprise as a function of indicators attained and existing labor and leisure conditions. In this regard, a definite minimum amount of money must be guaranteed for the social-cultural service of workers. It is sound practice to create (calculate the maximum allowable) norms for allotments to the fund for social-cultural measures and housing construction (in rubles per worker or in percents of the wage fund). Differences in labor conditions by industry and by rayon should be considered in the norms. Of course, a minimum sum must be allotted to the fund at every enterprise, regardless of the indicators of its financial and economic activity. If this minimum

guaranteed sum is subtracted from the total value of allotments established in percents of the economic incentive fund, then the remaining sum (the difference) is the value of allotments depending on results of the financial and economic activity of the enterprise.

Provision of a minimum guaranteed sum of allotments to the fund for social-cultural measures and housing construction improves the solution to collectives' problems of social development. However, the purpose of the fund is stimulation of an increase in production efficiency, therefore priority in distributing its means must belong to the second part, related to labor results. Then the fund-forming indicators can be the shift coefficient, reduction in relative importance of manual labor, etc.

Increasing the loads of the basic funds makes it possible to accomplish additional production and to significantly economize on capital investments. But more complete use of the funds means still more work on the second and third shift, i.e., under less advantageous labor conditions, for which wage supplements are made. In this case, the role of the fund for social-cultural measures and housing construction is increasing. Indeed, night-shift workers must be guaranteed the same good nutrition and rest conditions, and comfortable furnishings at home and at work as other shifts, and even better. A dependence between the size of the fund and shift coefficient must be established, as is done at leading enterprises. In those places expenditures for the organization of nutrition and leave for workers at the second and third shifts is financed with money from the fund.

The creation of economic prerequisites and direct stimuli for work in 3 shifts by means of a more valid differentiation in the size of allotments to incentive funds has become necessary. The shift coefficient established according to ministry norms will correct the total amount of actual allotments to the fund for social-cultural measures and housing construction. If the enterprise does not fulfill the norms, the amount of allotments to the fund is reduced. The difference (the amount by which the size of the allotments is reduced) will be transferred to the central fund for higher organizations and will be used as an incentive for collectives who have attained an increase in the normative shift coefficient.

At the present time, social problems of enterprises are solved with the help of funds such as the consumer goods fund, the fund of allotments from profit obtained from realization of new general chemistry goods and prizes from socialist competition, the fund for the development of local industry, etc. The expenditures from them for social needs are insignificant, however. The dynamics of utilization of means from various funds for the financing of social-cultural measures are shown in Table 1.<sup>3</sup>

Table data confirm the notion that the funds listed could be eliminated and the fund for social-cultural measures and housing construction could be increased to the amount of these expenditures. Consequently, it is possible to list means from special funds allotted to fill social-cultural needs as additional entries to this fund. It is advisable to include



Table 1. (in %)

## Types of Funds

<u>Designated Use of Money</u>	<u>Total</u>	<u>FSKM, % ZhS</u>	<u>Public Consum. Fund</u>	<u>Comp. Prizes Fund</u>	<u>Other Funds</u>
Social-cultural capital investments	100	93.7	—	0.7	5.6
Expenditures:					
For cultural-education service to workers	100	89.9	1.0	5.7	3.4
For medical service, health and sports work	100	94.1	0.6	3.4	1.9
Improvement of everyday worker services	100	97.5	0.4	1.3	1.8
Other social-cultural measures	100	88.4	2.1	6.9	2.6

\* Social-Cultural Measures and Housing Construction Fund

expenditures allocated for covering financial losses from operation of a housing-communal economy. This makes it possible to more precisely determine the level of expenditures of enterprises in the formation of the overall amount of financial resources allocated for social-cultural needs of collectives. Combination of the resources into a single fund will make it possible to focus the means on important directions in the social development of enterprises (Table 2).

As seen from Table 2, a significant portion of money from the fund is used to satisfy the individual wants of workers. Work conditions at different enterprises predetermine the specific forms of individual incentive. For example, it is sound practice to reward workers for the fulfillment of particularly important production plans with vacations at a vacation home, sanatorium or with trips. Special allotments for this must be provided for in the estimate of fund expenditures. Workers can also be rewarded from the fund for social-cultural measures and housing construction for many years of exceptional service in connection with anniversary dates and when they retire on a pension. Reliable and effective control of utilization of means from the fund must be guaranteed. At the same time, principles of economic independence in the distribution of its means by the enterprise or association must not be violated.

Through basic statutes on the formation and expenditure of the economic incentive fund and the fund for social-cultural measures and housing construction from 1981-1985 in industry, it was established that the administration of the enterprise or association determines the intended use of the fund jointly with the trade union organization. The decree by the

Table 2

	<u>Money Spent</u>	
	<u>% of Total Spending</u>	<u>% Spent Acc. To Designation</u>
Total expenditures for social-cultural measures	100.0	
Including:		
Total cultural-educational service for workers	26.7	100.0
Including:		
Cultural mass measures and maintenance of cultural-educational institutions		79.3
Visual propaganda		11.0
Other expenditures		9.7
Total medical service, health and sports work	40.3	100.0
Including:		
Maintenance of health institutions and purchase of medicine		17.3
Payment for vacations at vacation home and sanatorium		35.1
Maintenance of vacation homes, vacation bases and sanatoria		25.9
Sports programs		13.8
Other expenditures		6.9
Total improvement in personal service for workers	23.3	100.0
Including:		
Reduction in cost of food in dining rooms serving workers at enterprises		62.7
Other social-cultural measures	9.7	100.0

CPSU Central Committee and the USSR Council of Ministers "Improving planning and strengthening the influence of the economic mechanism on increasing production effectiveness and the quality of labor" provides for the possible acquisition of equipment, inventory, specialized transportation facilities for existing institutions of culture, sport, nurseries, pioneer camps, worker dining rooms, medical points, etc., using means from the fund that have not been utilized.

Means for these purposes cannot be mixed with that part of the fund designated for capital investments to housing and cultural-personal construction and kept in the enterprise account at Stroybank (Bank for Financing Capital Investments). In recent years enterprises have obtained more rights and opportunities in spending this money. Thus the decree by the CPSU Central Committee, The USSR Council of Ministers and the VTsSPS [All-Union Central Trade Union Council] "Further consolidation of labor discipline and reduction of personnel turnover in the national economy" foresees the possibility of creating housing construction cooperatives at associations, enterprises and organizations. By agreement with the trade union committee, managers are allowed to use means from the incentive funds for free economic aid and repayment of bank credit for cooperative and individual housing construction for workers who have been working at that collective no less than 5 years, and young people, no less than 2 years. If the worker leaves work of his own accord without valid reason or is let go for a breach of labor discipline, the means from the incentive funds given to him as free aid or repayment of bank credit are subject to repayment within a period of up to 5 years.

Since 1980 a system has been established for giving free economic aid and bank credit, and also utilization of incentive funds for giving economic aid to workers and employees in cooperative and individual housing construction.

In recent years, the proportion of expenditures for housing construction has substantially increased. In this regard, it is necessary to more rigidly coordinate the capacity for satisfying needs for housing through the fund for social-cultural measures and housing construction with results of the financial-economic activity of associations and enterprises. At the present time, the production activity of a worker is considered everywhere during distribution of enterprise living space. Nonetheless, living conditions serve as the fundamental principle in the distribution of living space. Therefore, there are often cases when a worker works well until he obtains quarters, and then leaves the enterprise. It is apparently necessary to establish a system whereby acquisition of living quarters would oblige a worker to stay at a given enterprise for a definite time (5-10 years). This would also promote a sharp reduction in labor turnover.

Centralization of a certain part of the fund means into all-union and republic industrial associations, ministries and departments is very important in the regulation of the process for forming and administering the fund for social-cultural measures and housing construction. Centralized funds are created in industrial associations and reserves in

ministries. Approximately 15 percent of the amount of the fund is designated for the creation of these means among the industries as a whole. The specific amount of the reserves and centralized funds is established by the ministry by agreement with the appropriate trade union central committee.

First the size of the fund is determined on the whole according to the ministry and production associations, according to norms and indicators approved for them. Then amounts of the reserves and centralized funds are established: after their exclusion from the general fund for social-cultural measures and housing construction the amount of money to be distributed among enterprises and associations is formulated. Norms for the formation of the fund in associations and enterprises are calculated on the basis of this value. Such a procedure breaks the connection between amounts allotted to centralized funds and fund-forming indicators.

The amount of reserves and centralized funds is inadequately related to the economic interests of enterprises, inasmuch as allotments are made directly from profit, an enterprises's own incentive funds are not affected. This leads to low interest on the part of associations and enterprises in the efficient utilization of centralized means. Therefore, in our opinion it is advisable to create centralized funds by means of direct allotments from the fund for social-cultural measures and housing construction of production associations and enterprises in the same percentage of the planned and actual size of the fund.

#### FOOTNOTES

1. V. I. Lenin, "Polnoye Sobraniye Sochineniy" [Complete Works], Vol. 36, p. 192.
2. Ibid., p. 150.
3. V. A. Zagorul'kin, V. I. Kolesnikov. "Fond sotsial'no-kul'turnykh meropriyatiy i zhillishchnogo stroitel'stva" [Fund for Social-Cultural Measures and Housing Construction], Moscow, Profizdat, 1983, p. 58.
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## CONSUMPTION TRENDS AND POLICIES

### TALK WITH BSSR LIGHT INDUSTRY MINISTER ON ECONOMIC EXPERIMENT

Moscow IZVESTIYA in Russian 9 Dec 83 p 2

[Interview with BSSR Minister of Light Industry Lev Nikolayevich Nagibovich by IZVESTIYA correspondent M. Shimanskiy, Belorussian SSR; date and place not specified: An Economic Experiment: A Branch Faces A Test]

[Text] In accordance with a decree of the CPSU Central Committee and the USSR Council of Ministers, an economic experiment in expanding the rights of production associations (enterprises) in planning and economic activity and in strengthening their responsibility for work results will begin 1 January 1984 in two union and three republic ministries. Among the five branches is light industry of the Belorussian SSR. L. Nagibovich, the republic's minister of light industry, tells how preparation for the experiment is going in a talk with our correspondent.

[Question] Lev Nikolayevich, before meeting with you, I visited the Minsk knitted-goods association "Progress" and talked with the workers there. One question interested me: how do they view their work, their material welfare and moral satisfaction, during the experiment? This is what the workers replied: both our earnings and our attitude will directly depend on what we do and how we do it, on what this costs the association, and on how the buyer regards our products.

[Answer] It is, of course, good that the workers approach the experiment with such a yardstick--with the sense of managers. Excuse me for this small digression, but I consider it necessary to emphasize the following. Now I have to meet frequently with the directors of our ministry's associations and enterprises and to visit the labor collectives myself. And this is what is remarkable: everywhere the meaning of the word "manager" is being reinterpreted. It includes the traits of the economist, the adventurer, and the creative toiler who is full of initiative. And this reassures and gladdens one.

The task facing us is serious and responsible: we must verify in practice the effectiveness of the steps being taken for the further improvement and strengthening of centralized administration of the economy in conjunction with the development of democratic principles in the management of the nation economy.

What is the essence of the experiment? During it we are going to establish such economic conditions as will allow us to interest the collectives vitally in the accelerated growth of production efficiency and the rational use of resources. The task facing us is to finish working out progressive forms of planning and economic stimulation that guarantee the rights of enterprises while at the same time increasing their real economic responsibility for the results of their economic activity. The main goal of all this work is the consistent expansion of the output of high-quality goods for the population.

Let me say a few words about what rights the enterprises are being granted. It is well known that many economic administrators are dissatisfied with the fact that they receive many indexes from above. And one can understand them. Now, let us say that a range of indexes scanty in comparison with those now in effect is approved for that Minsk knitted-goods association you just visited. Then the number of accounting indexes worked out by the collective itself is increased. For example, in the five-year and annual plans, no tasks regarding the average reduction of the norms of expenditure for the most important types of material resources and the percentage of reduction of hand labor will be approved. The enterprises themselves will plan them. The sphere of application of economic norms that determine the dependence of the amounts in the funds for wages, socio-cultural measures, and the development of production on the results of work is being expanded. Let us take the fund for the development of production as an example. The enterprises are being granted complete independence in its use to increase the pace of technological progress, to build up capacities, and to improve labor conditions. Hence, the experiment fully responds to the demands of the 26th Congress of our party and of the subsequent Central Committee Plenums, at which it was accurately determined that the improvement of the economic mechanism and the repudiation of obsolete economic forms and methods of administration that hinder further development is not only an economic but also a social task.

During the experiment, an index of the production of goods with the Mark of Quality in natural volume will be introduced for the first time. This means that what the market demands will be turned out, and not volumes of production in monetary terms.

[Question] One must suppose, Lev Nikolayevich, that in preparing for the experiment, each enterprise or association has looked far into the future and has analyzed all its indexes. L. Sokolenko, the general director of the Minsk "Progress", told me, for example, that it is now well evident what the experiment promises in terms of quality, variety and efficiency. But on the whole, what does the industry here really expect?

[Answer] Yes, all the economic levers that we are preparing to put into operation, working under the new conditions, are primarily subordinated to quality. And this is understandable. "Standards of quality," observed Comrade Yu. V. Andropov at the June (1983) Plenum of the party Central Committee "should be set, without any allowances, at the very highest." It should be noted that the industry will begin the experiment, as they say, not with an empty cupboard. Do not regard this as immodesty, but I want to give some figures. At present, for each ruble paid in wages, we produce goods for popular consumption worth

13 rubles--the best index in the system of the country's light industry. Our industry has the lowest expenditures per ruble of goods production. The entire increase in the volume of production nowadays is being achieved as the result of the growth of labor productivity. According to preliminary calculations, this year we will produce 68 million rubles worth of goods above the planned amount. We are fulfilling the plan for output of the majority of the most important types of articles. This has permitted us to supply the commercial organizations for ten months with goods of popular consumption over and above the plan worth more than 108 million rubles.

I foresee your question. Much of this is not yet always good? Right?

[Question] Right, Lev Nikolayevich.

[Answer] I will respond: quality will crown the whole undertaking under the new conditions. The industry is working purposefully on increasing the the production of excellent goods. Questions of the substitution of variety are being resolved more effectively. Our enterprises, in preparing for the experiment, have agreed on a range of trade worth almost 160 million rubles. The foremost collectives--the Lidskiy and Mogilev shoe factories, the Minsk clothing association "Komsomolka", the Orsha flax combine and the Minsk worsted combine--by agreement with the republic's ministry of trade for the first time this year are carrying on production without quality inspection by the workers of the trade. There are also other positive phenomena.

The ministry's enterprises have already formulated a production program for the year 1984 with regard to the requirements of the experiment. On the whole, the pace of development of the industry and of the growth of production efficiency is basically higher in the plan for next year than in the previous years of the 11th Five-Year Plan.

And look what changes will occur in variety. Renovation in models, styles, structures, and color designs amounts to 99 percent in shoes, 68 percent in outer knitted wear, 65 percent in textiles, 61 percent in articles of clothing, and 53 percent in knitted underwear. All this is higher than at present.

An important consideration: under the conditions of the experiment, the ministry receives the right independently to establish prices for the first experimental lots of articles up to half a million rubles. The manufacturing enterprises receive this right up to 100,000 rubles. The experiment provides a reliable protection against things that no one needs. Now the trade will not accept poor-quality goods.

[Question] And if they all are put on the market, what will this do for the enterprise?

[Answer] In the experiment, the index of goods produced with regard to fulfilling deliveries according to agreements comes first. And here let us present a picture: an enterprise over the course of a year permits violations in the range of production and does not fulfill its agreement obligations. Unfortunately, it is not necessary to go far for an example--let us take the Minsk

shoe association "Luch". It has just underfulfilled its plan of deliveries in accordance with agreements by three percent. Under the conditions of the experiment, a material factor immediately goes into effect--for each such percentage point, the collective is deprived of three percent of the fund to stimulate material interests. It is calculated that if "Luch" does not improve its work next year, the planned fund to stimulate material interest here will be decreased by 200,000 rubles, and the amount for each worker by 32 rubles. This is one aspect of the matter. There is also another no less important. Good-quality raw material, working time, and the labor of many people are expended on the output of unmarketable products. How does one measure the material loss that these facts have inflicted upon the shoemakers?

[Question] In a word, the experiment will inflict punishment for poor work by means of the ruble?

[Answer] Yes. And it will confer rewards for good work. Upon complete fulfillment of agreements regarding delivery of products, the fund to stimulate material interest will be augmented by 15 percent. The leading workers of the enterprises in this case have the right to receive prizes at the end of the year of up to three times their base pay rate.

[Question] And is everyone prepared to work under such conditions?

[Answer] Organizational and technological measures have been worked out in the associations and enterprises. Party economic activists have conducted trade union conferences and seminars where the goals, tasks, and conditions of work have been explained in a new fashion. The essence of the experiment and the means and methods of its accomplishment are being studied in the network of party and Komsomol studies and of economic education. All this has allowed concentration on the direct performances of a task in connection with the forthcoming experiment.

In the process of preparation, let us place a special accent on the formulation by the managers and all the workers of the industry of new economic thinking, on the basis of which it will be easier to find the most important paths for the economy's intensive development. It is well known that a weaver or a seamstress who knows the economic structure well usually participates more actively in the management of production, more rapidly overcomes the inertia of settled habits and traditions, and seeks ways of resolving tasks more energetically.

Preparation for the experiment in a complex economy with its varied connections has also required the putting together of a number of methodological documents. They have already been approved and sent to the collectives.

Here I want to touch upon one very important problem. The resolution of the main task, which is envisaged by the experiment as increasing the output of high-quality goods, in many respects depends upon our suppliers, and primarily upon the enterprises of the chemical industry, which provide artificial threads, synthetic fibers, kapron braids, and every possible dye. It is necessary that the managers of the chemical enterprises be imbued with a sense of the great responsibility which light industry workers bear for the quality of the goods



produced. And this, in my view, will become possible when evaluation of their activity is made dependent upon their fulfillment of deliveries to light industry in the variety ordered. Today, unfortunately, such dependence upon and responsibility for the conditions of the experiment is still not stipulated.

[Question] So, Lev Nikolayevich, the experiment will be judged by what kind of managers there are in the industry....

[Answer] Undoubtedly. For all items, as they say. Starting on 1 January, complex and responsible work is expected of us. And that work is very interesting.

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CSO: 1827/153

## CONSUMPTION TRENDS AND POLICIES

### EXPERIMENT TO INCREASE ENTERPRISE RIGHTS, RESPONSIBILITIES

Minsk SOVETSKAYA BELORUSSIYA in Russian 12 Oct 83 p 3

[Unattributed article released by the Telegraph Agency of the Belorussian SSR: "More Rights--Greater Responsibility"]

[Text] The republic's light industry is preparing for an economic experiment. Beginning next year, the industry's enterprises will shift to new conditions of planning and economic stimulation that will expand the rights of labor collectives and at the same time increase their responsibility. This has been stipulated by the decree of the CPSU Central Committee and the USSR Council of Ministers "On Additional Measures for Expanding the Rights of Production Associations (Enterprises) of Industry in Planning and Economic Activity and for Increasing Their Responsibility for the Results of Work." Acceleration of the growth of production efficiency, improvement of quality, and the employment of allotted resources are the main goal of the experiment, which in the end should lead to an increase in output and delivery to the trade of varied and good-quality products.

Questions on preparation for the shift of Belorussia's light industry enterprises to work under the conditions of the economic experiment were reviewed at a conference of the industry's party economic aktiv held on 11 October in Minsk. It was opened by V.A. Lepeshkin, secretary of the Central Committee of the Communist Party of Belorussia.

The report of BSSR Minister of Light Industry L.N. Nagibovich and the addresses of ministry staff members, managers and specialists from the enterprises, and party workers noted that the industry has been functioning in stable fashion for many years. This year too the indexes are good: the entire increase in production volume is being achieved as the result of an increase in labor productivity. Every third article that is subject to certification is accorded the Mark of Quality, and production output has already exceeded the plan by 56.2 million rubles. Ten labor collectives have achieved the rates of production increase planned for the end of the five-year plan, and 36 have exceeded their assignments for three years.

This foundation permits the carrying out first and foremost of an index of the realization of production with regard to fulfillment of deliveries in accordance with agreements that will also be made in the course of the experiment. It

stipulates stricter economic sanctions against violators and at the same time an increase in encouragements for those who discharge their obligations toward their partners.

With the beginning of the experiment, a limited range of indexes in comparison with those now in operation will be approved for the enterprises: the collectives will set production output and its variety based upon orders from the commercial organizations. In addition, their rights will be expanded in the determination of funds for wages, socio-cultural measures, and production development. Special attention will be given to quality: strict standards have been worked out regarding the material responsibility of enterprises for the return by commerce of produces for which there is no demand.

For the successful performance of the experiment, noted USSR First Deputy Minister of Light Industry A. Ya. Yefimov in his address, it is necessary to carry out comprehensive training in the collectives of the associations and the enterprises so that the essence of it is understood by every worker, brigade leader, and foreman.

D.A. Danilov, deputy chairman of the BSSR Council of Ministers, spoke at the conference. He emphasized that the performance of the experiment was a matter not only for the Ministry of Light Industry. The BSSR Ministries of Trade and Finance, the BSSR Gosplan, the BSSR State Committees for Labor and on Prices, the republic office of the USSR Gosbank, and the transport workers must render the industry assistance. A commission has been established under the BSSR Council of Ministers for coordination and inspection during the course of the experiment.

The conference participants approved recommendations that will aid in the carrying out of training locally and in starting the experiment in terms of organization.

Taking part in the conference work: Chairman of the BSSR Council of Ministers V.I. Brovnikov, Deputy Chairman of the BSSR Council of Ministers and Chairman of the BSSR Gosplan A.A. Reut, consultant of the Economic Department of the CPSU Central Committee A.I. Milyukov, and leading workers of the union and republic ministries and departments.

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